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TAGS: [PREL](#) [PGOV](#) [PINR](#) [LH](#)

SUBJECT: LITHUANIA: RAINBOW COALITION PROVES ELUSIVE

REF: A. VILNIUS 502

[B](#). VILNIUS 511

[C](#). 05 VILNIUS 1223

[D](#). 05 VILNIUS 1287

Classified By: Pol/Econ Officer Randolph Flay for reasons 1.4(b/d)

SUMMARY

[1](#). (C) Lithuania's Social Democratic and Conservative Parties are working to form a ruling coalition, either separately or together, in the wake of the June 1 collapse of the Government of Lithuania (refs a and b). The President, favoring a rainbow coalition government, continues to consult with party leaders. Despite his efforts, however, talks between the two blocs are not going well, and the possibility of a rainbow on the political horizon is fading. Meanwhile, the Labor Party has launched a well-financed campaign to discredit President Adamkus, but the kickoff -- a public letter noting the party's loss of faith in state leaders and institutions -- provoked little response. End summary.

TALK OF THE ELUSIVE RAINBOW

[2](#). (U) The Social Democratic, Peasant, and Civil Democracy Parties have formally agreed to constitute a voting bloc and form Lithuania's next coalition government. The left-leaning group controls 44 of the 141 seats in Lithuania's parliament. The bloc is also apparently in negotiation with the Liberal and Center Union to pick up an additional eight MPs. To the center-right, the Conservative Party, Liberal Movement, and Social Liberal Party on June 5 signed a similar agreement, with 47 MPs on their side.

[3](#). (U) President Valdas Adamkus met with leaders from each bloc on June 5, urging them to negotiate. Publicly, the leaders declared their readiness to negotiate in the hope of forming a rainbow coalition and the next government. The first round of talks took place June 6, ending with agreement to meet again.

[4](#). (C) Several well-placed sources tell us, however, that the discussions of a rainbow coalition are going badly and will be fruitless. MFA U/S Albinas Januska told the Ambassador June 7 that, despite public appearances, the Social Democrats are participating in rainbow talks in bad faith. He said that they insist on adhering to the program of the failed government, refusing to entertain the incorporation of any of the Conservatives' priorities. Januska said the SocDems, having already signed on the Labor-breakaway Civil Democrats, hope to split the Labor Party (LP) even further, and are in secret negotiations with LP parliamentarians to bring them into the fold.

[5](#). (C) The Conservatives have continued to negotiate, Januska

said, but strong opposition from party members who adamantly refuse to work with the left-leaning SocDems risks dividing the party if the rainbow comes into being. Conservative MP Rasa Juknevičienė substantiated Januska's analysis, telling us that, despite the public statements, the prospects for a Conservative-Social Democrat coalition are small. Whatever coalition emerges now, Juknevičienė said, will be short-lived, and the Conservatives are seriously considering the eventuality of pre-term elections early in 2007 should the next government also fail.

LABOR STRIKES OUT

16. (C) The fallen Labor Party launched its revenge against the presidency and its former coalition partners with a not-so-stinging public letter alleging undemocratic behavior, but still apparently plans more damning attacks. Presidential advisor Simonas Satunas told us June 6 that he expects an extended smear campaign against Adamkus that could begin when the President heads to Azerbaijan on June 8. Satunas said that the smear campaign is in the hands of local PR firm called "Progroup," run by a young, talented consultant named Laurynas Filipavicius. (Note: Filipavicius organized the May 4-6 "European Association of Political Consultants" conference that Labor and others sponsored -- unsuccessfully -- as competition for with the CDC conference that involved Vice President Cheney and several Eastern European leaders. Uspaskich gave a keynote address at the Progroup conference. End note.) MFA U/S Januska said that Uspaskich may release information demonstrating that he covered approximately USD 200,000 of Adamkus's 2004 presidential campaign debt. If that happens, he said, one of Adamkus's former campaign advisors will step forward to

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assert that the president knew nothing of this arrangement.

17. (S) Satunas said that the President's supporters are responding by taking the fight to Progroup. Sympathetic politicians and Presidency staff are portraying the consultancy in the press as character assassins who seek political instability in Lithuania. Satunas told us that the Presidency is grateful for the contingency press statement that the Mission has prepared in the event of a campaign alleging that Adamkus was a KGB agent (ref b).

18. (U) Investigations into the Labor Party's financial activities continue. A June 6 Prosecutor General's Office press release stated that ten searches of Labor Party and various company offices have resulted in the seizure of documents and 19 computers. The Prosecutor General anticipates a lengthy investigation and plans to question "several hundred" people in order to formulate an indictment. The Prosecutor General's Office questioned former Labor Party member Parliamentary Speaker Muntianas June 7 in connection with the investigation. Viktor Uspaskich told the media (from Russia) that he has not received any subpoena on the matter.

RUSSIAN ROLE?

19. (S) Januska told the Ambassador that there is good evidence that Uspaskich received financial contributions from Russian special services. He stated that this may be one of several possible indictments against Uspaskich and the reason why he has failed to return from Russia. (Earlier press reports of Uspaskich's return proved to be false; he has now been in Russia for four weeks.) Januska also stated that seized Labor Party computer files show that the party paid USD 150,000, allegedly to the daily newspaper Respublika to run the 2005 smear campaign against philanthropist George Soros, Adamkus, and others.(refs C and D). Januska characterized the funding of Uspaskich as part of a Russian campaign to belittle Lithuania in the eyes of its partners,

reducing its ability to work effectively in the former Soviet Union to counter Russian interests.

COMMENT: No Rainbow

¶10. (C) We expect the Social Democrats will play a central role in the next government of Lithuania. It seems increasingly unlikely that the Conservatives will join their ideological opposites and form a rainbow coalition. Adamkus's stature will, if anything, rise as a result of recent events. The threat from Uspaskich and company is real, but Uspaskich's credibility and political clout with the electorate are at all-time lows. His flailing at rivals will probably have little effect.

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